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AUTHOR Appelbaum, Eileen; Koppel, Ross
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ABSTRACT

Information based on a longitudinal study indicates that white high school and college graduates earn more than white high school dropouts and that black high school graduates earn more than black high school dropouts. However, the base for the two groups is not the same and the prestige jobs available to each is different. Also, the long-run advantages of a college education have decreased significantly. The implications of these statistics are more related to the labor market than they are to the educational establishment. The number of low-paying, dead-end, low-skill jobs are increasing at a much faster rate than high-prestige, high-paying jobs. This has resulted in an oversupply of workers qualified for professional and technical occupations. A three-pronged policy thrust is needed if job opportunities are to be opened for black youth: instruction in the public schools must be upgraded, affirmative action minority hiring programs and public policy must be developed, and the sophistication to recognize that worsening employment opportunities decrease the effectiveness of educational opportunity programs must be developed. (TJ)

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INFORMAL COMMENTS ON CRITICAL ISSUES IN HIGHER EDUCATION

Remarks presented by
Eileen Appelbaum and Ross Koppel
at a meeting of the Mid-America
Association of Educational Opportunity Program Personnel
The Abbey
Lake Geneva, WI
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Sociologists and economists have had an enduring concern with how one "makes it" in America; that is, with the factors that help or hinder status attainment. "Making it" is usually conceptualized as getting higher (as compared to lower) wages, having a more prestigous job (also presumably, a more rewarding job) and experiencing less (as compared to more) unemployment. The traditional research approach focuses on characteristics of the individual as they influence his/her success. These characteristics include parental background, neighborhood, race, sex, ability, quantity and quality of education, and sometimes educational and occupational aspirations. Such an approach by and large dictates the type of questions asked on surveys. The focus remains always on the individual.

Many data banks exist from which research of this sort may be done. One of the best of these, and one which is appropriate to the interests of this group, is the National Longitudinal Surveys (hereafter called the "Parnes data," after Herbert Parnes at Ohio State). In 1965 the U.S. Department of Labor asked Parnes to begin planning a five year longitudinal study of four cohorts of the U.S. population. These cohorts were to consist of men, 45-59 years of age; women 30-44 years; and young men and women, ages 14-24. These particular cohorts were selected because each has its own unique problems: men must deal with skill obsolescence, health problems, age discrimination and retirement; women often have difficulties returning to the labor force after children no longer require continuous maternal supervision; and young men and women must face the difficulties entailed in making occupational choices and acquiring adequate preparation and education to join the labor force.

The surveys were so successful and the attrition rate so low that the Department of Labor decided to continue them for an additional five years, and then again, for another five, thus creating a data base covering altogether, 15 years. The cost for preparation of the questionnaire, collection of the data, data reduction and very basic analysis will probably cost about forty million dollars by

the time just these tasks have been completed. In addition, another two youth cohorts are to be added to the existing survey group.

The total size of the sample, together with the way in which the sample is weighted, are major advantages to this data bank. There are about five thousand individuals in each cohort and, thus, twenty thousand in total. In order to provide statistically reliable estimates for blacks and permit a more confident analysis of differences in labor market experience between blacks and whites, blacks are over-sampled by about three to one, which means that one must use weighted data or compute analyses of blacks and whites separately.

The Parnes data are available to anyone who wishes to acquire them from Ohio State at a cost of $300 for each cohort, which is often reimbursed from a small labor department grant. Of course, one needs a large computer facility to run these data -- there are about 27,000 variables. The data cover labor market experience and work history, job characteristics, parental background, education and training, marital and family data, financial information, military experience, job attrition, work orientation, psychological background, retirement, and child care arrangements. Also included are some area data -- local unemployment rates and size of the local labor market. Another advantage to these data is that they are longitudinal, i.e., the individuals of each cohort are followed through critical periods of labor force experience covering a number of years. This is very important since only in this way can one have confidence in questions and analyses pertaining to work-related attitudes, and the intracacies of job changes, intrafirm shifts, and short spells of unemployment.

We turn now to some of the findings based on a status attainment model using the Parnes data. The model seeks to ascertain the determinants of wages and job levels among a sample of young men who have been out of school only for a short time. For comparison purposes, the data from black and white youths are analyzed separately. The variables in the model are: one, education (with separate indicators for those who are high school dropouts, high school graduates,

those who have had some college, and those with an associate level degree, a BA, a masters and a doctorate degree); two, training (operationalized as professional or technical, managerial, clerical and skilled manual or military); three, work experience (as measured by overall work experience, tenure with current employer, and length of military service); four, ability (measured as a combination of scholastic aptitude and labor market information score); five, background (as measured by family socio-economic status); six, health (as measured by any limiting problems); seven, residence in a SMSA; and eight, wage, the dependent variable (adjusted by regional price variation).

We concentrate here entirely on the results relating to educational factors. Thus, holding other things constant, the data indicate that white high school graduates earn 28¢ per hour more than do white high school dropouts, and that white college graduates earn $1.31 per hour more than white high school dropouts. For blacks the figures indicate that black high school graduates earn 6¢ per hour more than black high school dropouts. In all cases, coefficients for schooling rise monotonically for the wage variable where there is sufficient data to have confidence in the estimates. I would stress that in comparisons of this sort, one must be careful to keep the sub-samples straight. It is the case, for example, that black college non-completers (i.e., college dropouts) show a greater differential from the black high school dropout group than do whites of similar status (i.e., black college non-completers earn 62¢ per hour more than black high school dropouts, whereas white college non-completers earn only 56¢ per hour more than white high school dropouts). However, these figures do not mean that black college non-completers earn more than white college non-completers -- the base means may be, and in fact are, different.

Another method of constructing the status attainment model (which is easier to follow) is to simply insert education as a single variable, measuring the number of years of actual schooling. When this is done, we see that each additional year of schooling is

worth about 23¢ per hour to the white young men and about 19¢ per hour to the blacks. However, it must be added that the picture is actually more depressing than this. We must consider the status positions of the jobs that these young men are getting. As measured by duncan points, a year of additional schooling is worth 5.4 duncan points to whites but only 4.2 points to blacks. This is critical because the higher status jobs (as indicated by higher duncan points) eventually pay much higher salaries than the lower status jobs. Further, there is every reason to believe that young men of better education and social standing seek a trade off -- taking high prestige jobs that pay poorly at first, but give substantially better economic rewards later. (Medical interns may be considered the prototype of this sort.)

A report by the Parnes group makes a related point in an extensive analysis designed to determine whether or not the value of college is declining as compared to the value of a high school degree. In their analysis they find that the differential between wages received for a high school degree and a college degree did not really change between 1966 and 1971. The advantage of the college degree in terms of wages was about the same. (One might note that the real earnings went down for both.) However, when the same model was applied to the duncan scores of the occupations these recent graduates were accepting, "the advantage enjoyed by college graduates over high school graduates diminished from a 44.7 point differential during the period of 1966 to 1968 to an 18.4 point difference during the 1969 to 1971 period," (A. Kohen, et al.).* Thus, the long run advantages of a college education have decreased considerably in the five year period under study.

In the remaining portion of this report, my colleague, Eileen Appelbaum, will discuss the implications of this change in the utility of education.

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*Kohen, A., J. Grasso, S. Myers and P. Shield. Career Thresholds, Volume VI, Center for Human Resource Research, Columbus, Ohio; the Ohio State University.

As Ross has pointed out, the human capital and status attainment models, which were developed in the 1950's and 1960's and were initially tested using data obtained during those decades, demonstrated that more education was indeed associated with labor market success. It was a short step, apparently, from this confirmation of the fact that education matters to the proposition that the problems of poverty and unemployment can be resolved by improving the functioning of the educational system. There has been a general concensus among policy makers and analysts that college training is a fruitful economic investment to individuals and society. The expectation was that keeping young people in school longer and raising their educational attainments would increase the contribution they would make to production. This would benefit society by increasing the Gross National Product, would reward the individuals who persevered in school both by reducing the amount of unemployment they experienced and increasing the wages they would command in the market place. National policies to encourage the growth of the college educated work force were overwhelmingly successful. Between 1950 and 1970 the number of college students tripled. By 1970 the number of workers with at least one year of college training surpassed the number of manufacturing workers. Despite the marked success in increasing the years of schooling completed by young people, however, the problem of unemployment among youth -- especially young blacks -- persisted into the seventies. The political establishment was quick to place much of the blame for this sorry situation on the schools. It was in this spirit that the Nixon administration, attributing the disenchantment among youth to what was interpreted as the failure of the schools to prepare them for successful experiences in the labor market, supported the development of career education programs* and urged the elimination of educational programs not geared to entry into the labor market or into higher education.

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*1972 amendments to the Elementary and Secondary Education Act.

But there is a fallacy here. The models used by sociologists and economists -- the models used in formulating national policy -- have focused entirely on the attributes of individuals and have consistently ignored the structure of the labor market and of job opportunities. The labor market is stratified, with jobs arranged in clusters or tiers. Some kinds of work require specialized technical, administrative or other skills, and the productivity of employees increases with their tenure on the job. Employers make a substantial investment in training for these workers, and have an incentive to encourage low turnover rates. They accomplish this by paying higher wages and fringe benefits, providing formal and informal on-the-job training, and developing career ladders along which an employee's income and social status can rise within the firm. Firms are also reluctant to lay off these workers when demand declines temporarily. While these steps increase the stability of the work force attached to such jobs, it is costly for firms to undertake them. Employers, therefore, have an incentive to restrict the number of such jobs and, whenever possible, to organize production so that it requires only easily-learned skills. These low skill jobs offer little opportunity for further training and advancement, and generally pay low wages. Turnover rates -- quits and layoffs - tend to be high in jobs where employers do not reward stable work habits with more money or promotions because workers become discouraged and have little to lose by moving in and out of these jobs. Thus whether earnings will be higher or lower, training will be available or not, promotion opportunities will be provided or not, and turnover rates will be high or low depends not on the attributes of individuals but on the characteristics of jobs. Finding employment in the right job cluster is the key to success in the labor market. The educational establishment can improve the skills and credentials of individuals, but it is powerless to affect the structure of job opportunities. This, in fact, is the reason why poverty and unemployment can never be eliminated simply by increasing the level of educational achievement. Low wages and high turnover are attributes of <u>jobs</u>,

not people. So long as there are major sections of the economy in which production is organized into dead-end, low-skill jobs, poverty and unemployment will persist. What the educational system is capable of doing -- and this is a real accomplishment which should not be minimized -- is to provide individuals with the credentials that will get them into the line of people who are waiting for jobs in a higher tier. If government programs are successful in eliminating discrimination in employment, then having the right credentials will get a young person into the right line. However, it must be emphasized that it will not necessarily get that individual a good job. That depends on whether the number of good jobs increases at the same pace as the educated work force. When workers with a particular level of education or skills find that appropriate jobs are not available to them, that they are too far back in line to get in to a job in the tier for which they have prepared, they "bump down," moving to the front of the line for jobs in a lower tier -- jobs requiring fewer skills, offering fewer opportunities, and paying lower wages. Increasingly, college educated workers who can't find jobs in the fields for which they have trained may take jobs which, in terms of their content, could have been done by a high school graduate. High school graduates, meanwhile, are pushed to the back of the line for these jobs or bumped down to a lower tier where they are forced into employment patterns that were previously typical of high school dropouts.

The challenge to American science and technology posed by the Russian launching of Sputnik together with nine years of steady economic growth -- fueled in part by the Vietnam War -- resulted in an unprecedented increase in job opportunities for college-educated youth in the 1960's. Jobs in the upper tiers of the labor market were opening up. For white men, getting in the right line meant getting the right job. Discrimination on the basis of race and sex made this relationship between credentials and appropriate employment more tenuous for blacks and women, but even here the rewards to more education were considerable.

By the mid-1970's, however, a very different picture of the labor market began to emerge. The situation suddenly reversed -- colleges began turning out more graduates than there were jobs whose content required 16 years or more of education. By 1985 it is anticipated that the surplus of college graduates will reach 700,000 per year. Having the right credentials is no longer a guarantee that an individual will get a good job -- there simply aren't enough good jobs to go around. And in a new variant of that old "blame the victim" theme, college-educated young people whose occupational aspirations will never be realized are being told that it's their fault they can't find good jobs. A college degree, they're told, just isn't what it used to be and as they are shunted into high school level jobs they're told that it's taken them 16 years to learn what used to be learned in twelve years -- back before "standards" were relaxed and "anyone" could get into college.

Recent estimates* indicate that the number of poor jobs has been increasing much more rapidly than the number of good jobs. In the private sector only 3 out of every ten new jobs has been a good job. The situation is much better in government employment, though one-third of government jobs are also poorly paid. Overall, only about 40 percent of job openings nation-wide have been for good jobs.

The Department of Labor estimates that between 1970 and 1980 the number of workers qualified for professional and technical occupations will increase by 45.3 million while the increase in employment in those occupations will only be 39.0 million. The oversupply of qualified workers in this decade will amount to 6.3 million persons.

The implications for students now in secondary schools was brought home to us in a study that Ross and I are doing of occupational and educational aspirations of Philadelphia public school students. Our sample consists of 1070 eighth and ninth grade pupils. The sample reflects the racial distribution of the Philadelphia High Schools, about two-third black and other minority, one-third white.

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*Eli Ginzberg "The Job Problem" Scientific American, November, 1977.

The study is being extended this year to include an additional 1300 students in 10th and 11th grade. One of the things which we have done in our study is to compare the educational requirements of the jobs that are opening up in the Philadelphia metropolitan area with the educational requirements of the jobs to which these adolescents aspire. We found that the proportion of students aspiring to jobs that requrie a bachelor's degree or higher is more than twice the proportion of job openings for such students. By the same token, the proportion of job openings for those with a high school degree is more than twice the proportion of students who aspire to such jobs. As for how much education these students actually expect to get, 52% expect a bachelor's degree or higher, while 26% expect to terminate their schooling with a high school diploma. It is entirely possible that these students are young and therefore unduly optimistic. But it should be noted that among the 1976 graduates of the Philadelphia school system, 54% of those from comprehensive high schools and 35% of those from vo-tech schools (52% overall) were enrolled in 2 or 4 year colleges in the semester immediately following high school graduation.

Our analysis suggests that a three-pronged policy thrust will be required if job opportunities are to be opened for black youth.

First -- programs to upgrade instruction in the public schools for black children and youths, to recruit them into colleges in increasing numbers, and to help them succeed must be expanded. This is the only way to get substantial numbers of young blacks into line for upper-tier jobs.

Second -- affirmative action minority hiring programs and public policy to remove all vestiges of discrimination in employment must be pursued so that educated blacks are found at the front of the line.

And third, those of us in a position to affect policy must be sophisticated enough to know that worsening employment opportunities and the depressed state of the college labor market decreases the effectiveness of educational opportunity programs.

Given the skill requirements of the jobs that are opening up, the second policy -- which is designed to obtain good jobs for educated blacks -- can only succeed if the first policy -- which is designed to substantially increase the number of educated blacks -- fails. So the third policy prong is that production must be restructured to eliminate alienating, dead-end jobs wherever possible. It is a corollary of this analysis, by the way, that poverty and unemployment cannot be eliminated through education alone. If unstable, low skill jobs persist then so will poverty and unemployment. Policies that upgrade jobs must be adopted if policies that upgrade education and skills are to be effective.